



February 11, 2010

**Testimony of
Thomas Morrison, Sr. VP of Finance
Charter Oak Health Center**

Good evening Senator Harp, Representative Geragosian, and distinguished members of the Appropriations Committee. My name is Thomas Morrison and I am the Senior Vice President of Finance/CFO for Charter Oak Health Center. Charter Oak Health Center (COHC) is a federally qualified community health center (FQHC) providing primary and preventive medical, dental and behavioral health care to a predominantly low-income, minority community. In its primary service area of southern Hartford, COHC is the only provider of healthcare whose services are provided regardless of an individual's income level, insurance status, or ability to pay for services.

I am here to testify regarding the proposed measure to reduce reimbursement for the State Administered General Assistance (SAGA) program by 10%. Charter Oak opposes this measure as it will have a far-reaching negative impact on the state's FQHC's, who are the primary provider base serving SAGA recipients. In the city of Hartford, the poorest city in the state, COHC operates 13 sites, serving 25,000 patients generating over 100,000 visits. Eighty-eight per cent (88%) of our patients earn incomes at or below 200% of the federal poverty level, 20% are uninsured and mostly unable to pay anything, and 2,058 - nearly 10% - are SAGA recipients. That means that 25% of Hartford's residents come to COHC for some service, the vast majority being the poorest of the poor.

The current economic climate has given rise to a dramatic increase in the number of patient visits at FQHC's. In FY09, COHC saw 10,882 SAGA patients. To date for FY10, we have seen 6,569 SAGA patient visits. At this rate, we expect to see an increase in visits by the end of the current fiscal year.

An additional factor to consider here is that 40% of our SAGA patients are homeless. Insecure housing and the corresponding rate of illness and mortality that accompany it provide for a vicious cycle and accordingly, COHC has experienced an increase in demand for health care services for an increasing number of homeless individuals. Hartford has the highest rate of homelessness of all cities in Connecticut, and COHC is the city's only provider of Healthcare for the Homeless, providing care through our mobile medical van at shelters, libraries and municipal facilities.

The proposed reduction in reimbursement represents a loss of at least \$120,000 to \$150,000 to Charter Oak Health Center. This would be on the heels of a \$90,000 reduction in funding from the Department of Public Health, and prior losses of \$300,000 in other state grant awards. This action would in essence represent a direct strike at the primary providers of care for this population.

Further, to cut reimbursement for health centers is out of step with the support health centers have received at the federal level. The American Reinvestment Recovery Act has expanded support for health centers in recognition of the incredible burden associated with providing affordable care to low-income individuals who often have the most complex medical needs, in addition to being uninsured or underinsured. Both the President and the Secretary of Health and Human Services see FQHC's as "the backbone of the American healthcare system."

FQHC's such as Charter Oak are a critical component of maintaining the safety net for Connecticut residents most in need of access to care. In order to be able to continue to fulfill its mission to provide quality care to every person who comes to us, Charter Oak cannot endure another reduction in reimbursement. Although care is rendered free of cost to individuals with no income, the provision of that care is not free to the health center. As employers, we must pay salaries and provide benefits, and as healthcare providers, we purchase supplies, and continue to have basic operational expenses that are not only necessary for us to exist, but are rapidly escalating.

While this cut in reimbursement might be a short-term fix to balance the state budget, it is at the expense of those – state residents and providers alike – who can least afford it. Every dollar "saved" in this action represents untold thousands that will be incurred to the system as health centers lose resources and as SAGA patients, the uninsured and underinsured seek care in high-cost settings such as emergency rooms. In fact, according to a recent study by the University of Illinois, it was found that investing \$500,000 in community health centers provides treatment for an additional 540 patients served, and an across-the-board increase in services. Charter Oak strongly urges you to reconsider this proposed action and maintain the current level of support for community health centers.

Summary of Key Points:

- 25% of Hartford comes to Charter Oak for health care services.
- 10% of our patients are SAGA recipients.
- Charter Oak had nearly 11,000 SAGA visits in FY2009.
- 40% of SAGA patients are homeless.
- Loss of potential SAGA reimbursement revenue of at least \$120,000
- Prior losses to Charter Oak of state aid in excess of \$300,000
- 20% of our patients have no insurance.